Benefits from CAFTA-DR
Maryland

U.S. Department of Commerce
International Trade Administration
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Maryland's export shipments of merchandise—manufactures and non-manufactures—to the CAFTA-DR region (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) totaled $37 million in 2004.

Maryland's exports to the CAFTA-DR group grew by $13 million from 2000 to 2004. This represents a five-year gain of 57 percent, the 19th-fastest growth nationally. This gain in merchandise exports to the CAFTA-DR region from 2000 to 2004 was more than three times greater than the 16 percent rise in total U.S. exports to the region over the period.

Individually, a number of the CAFTA-DR markets are significant trading partners for Maryland. In 2004, Guatemala alone imported merchandise from Maryland totaling $14 million.

CAFTA-DR Provides Enhanced Market Access to the Dominican Republic and Central America

CAFTA-DR will boost opportunities for Maryland's exporters throughout the region, providing new market access for the state's products. More than 80 percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into force of the agreement, with remaining tariffs phased out over 10 years. Key U.S. exports, such as information technology products, agricultural and construction equipment, paper products, chemicals, and medical and scientific equipment, will gain immediate duty-free access to Central America and the Dominican Republic.

CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

For 20 years, most Central American and Dominican Republic exports to the United States benefited from duty-free treatment, primarily as a result of the Caribbean Basin Initiative (CBI). Currently about 80 percent of the region's exports enter the United States duty-free, while U.S. goods exported to the CAFTA-DR countries face significant average tariffs.

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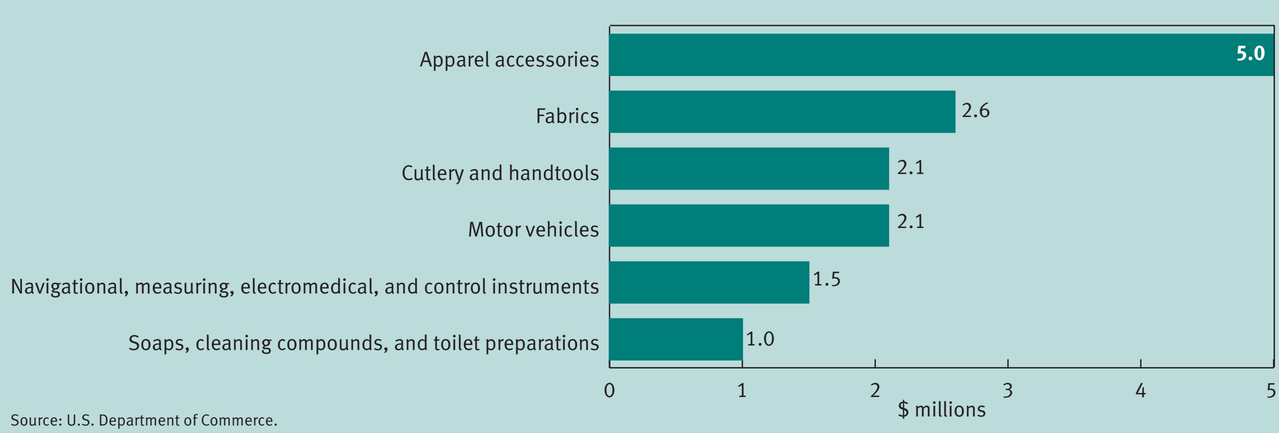
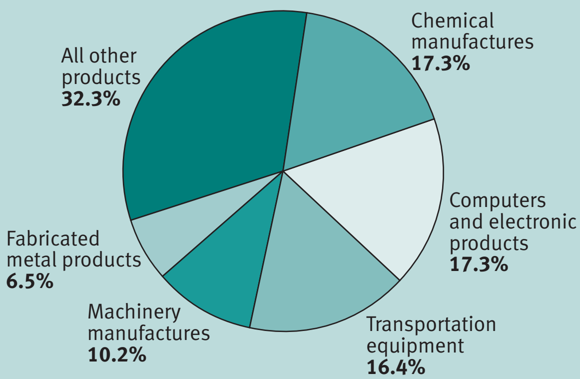
Maryland Exported $29.0 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004
Apparel Accessories Is Top Category



Source: U.S. Department of Commerce.

Maryland Exports a Wide Range of Goods to the World: $5.7 Billion in 2004



Source: U.S. Department of Commerce.

CAFTA-DR Opens Markets for Key Maryland Exports

Manufactured goods accounted for 79 percent of Maryland's merchandise exports to the CAFTA-DR region in 2004. The state's top manufactured export category to the CAFTA-DR group is apparel accessories. In 2004, Maryland exported apparel accessories to this region valued at $5 million. Other top manufactured exports from Maryland to the CAFTA-DR region in 2004 were fabrics ($2.6 million); cutlery and handtools ($2.1 million); motor vehicles ($2.1 million); and navigational, measuring, electromedical, and control instruments ($1.5 million).

Dollar gains in Maryland's manufactured exports to the CAFTA-DR region from 2000 to 2004 were mainly due to apparel accessories (up $5.0 million), fabrics (up $2.5 million), cutlery and handtools (up $1.9 million), and motor vehicles (up $1.6 million).

Fabrics and apparel. CAFTA-DR provides regional garment-makers—and their U.S. suppliers of fabric and yarn—a critical advantage in competing with Asia. Garments made in the region will be duty-free under the agreement if they use U.S. fabric and yarn, thereby supporting U.S. exports and jobs. Textile and garment factories in Central America and the Dominican Republic purchase large amounts of fabric and yarn from the United States: the region is the second-largest world market for these products.

Cutlery and handtools. The average tariff for handtools in the Dominican Republic is 7.9 percent; in the Central American countries, the average tariff ranges from 3.3 to 4.2 percent. Seventy-four percent of U.S. handtools exports to the CAFTA-DR region will be duty-free immediately upon implementation of the agreement, making Maryland exports more competitive in the marketplace.

Motor vehicles and parts. CAFTA-DR will eliminate the 11 percent average tariff that Central American nations and Dominican Republic impose on autos and parts. Of particular note, CAFTA-DR will eliminate El Salvador's 30 percent auto import tariff.

Metalworking machinery. Ninety-two percent of U.S. capital goods exports to Central America and the Dominican Republic will be duty-free immediately upon implementation of the CAFTA-DR agreement.

Chemical manufactures. Globally, Maryland exported almost $1 billion in chemical products in 2004. The state's exporters of chemical and related products, including soaps, cleaning compounds and toilet preparations, will benefit from CAFTA-DR tariff reductions. Seventy-four percent of U.S. chemical exports will receive duty-free treatment immediately upon implementation of the agreement, with the remaining tariffs phased out over 10 years.

The Central American–Dominican Republic Free Trade Agreement (CAFTA-DR) group consists of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to states based on transportation origin—i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about "export production" in a state should not be made solely on the basis of the OM state export figures.

Source: Bureau of the Census, U.S. Department of Commerce, Origin of Movement series.

Prepared by the International Trade Administration, U.S. Department of Commerce.